

1 PUBLIC
2 INFORMATIONAL MEETING
3 regarding the
4 EPA CONSENT DECREE
5 and Sewer Overflows

6 * * *

7 Holiday Inn Pittsburgh - North Hills
8 4859 McKnight Road
9 Pittsburgh, PA 15237

10 * * *

11 October 8, 2007
12 7:00 p.m - 9:15 p.m.

13 * * *

14 Presentation by:
15 Arletta Scott Williams,
16 Executive Director of Alcosan
17 and
18 David W. Borneman, P.E.
19 Director of Engineering & Construction

20 * * *

21 Reported by:
22 Nancy E. Frost,
23 Court Reporter

STENO REPORTING
(724)733-1094

2

1 PROCEEDINGS

2 -----

3 MS. SCOTT WILLIAMS: I will point out
4 to everybody that we do have a stenographer here
5 because we want to make sure we get all of your
6 comments. It is critically important to us as we
7 move forward that we have as much input as you have
8 to share with us.

9 I apologize for the little gravel throat
10 here. I wish I could say it was from too much
11 Steeler game, but it's just a little bit too much
12 cold from my seven-year-old son, but we will make it
13 through the evening.

14 The agenda for this evening is very simple,
15 very straightforward. For the most part we are
16 going to share information with you about the
17 authority, about Alcosan, so you have a feel for the
18 background of the organization. In doing that I
19 will give you a feel for the service that we provide
20 and how we came to provide that service, because

21 once you understand that, you will you have a much
22 better understanding of why the system is
23 constructed the way it is, why it operates the way
24 it does; hence, why the overflow situation that we
25 are in today.

STENO REPORTING
(724)733-1094

3

1 In addition to that, obviously the consent
2 decree is of the utmost importance. I will be
3 talking to you about the consent decree ad nauseam.
4 Again, the engineers and officials received a much
5 more elaborate presentation on the consent decree
6 itself, but I'm just going to give you an overview,
7 again so you have an understanding of what is
8 required of us.

9 I'm going to talk to you about what I'm sure
10 everybody is really interested in, the bottom line,
11 the financial impact. What is this going to mean
12 for your rates and how is it going to impact our
13 bottom line, which, of course, impacts your bottom
14 line. Again, it's just to give you an appreciation
15 for where we stand relative to the national picture,
16 because this is not an Alcosan specific issue. It's

17 not Allegheny County. It is nationwide. It has

18 been ongoing for many years.

19 In the process of all that, I hope I will be

20 able to give you an enhanced comfort level that we

21 are prepared. We are positioned to deal with the

22 requirements that we've agreed to.

23 This is the consent decree for the citizens

24 that are interested. Have any of you gone online

25 and actually looked at the CD?

STENO REPORTING
(724)733-1094

4

1 MR. NORMAN LOCKE: How do we do that?

2 MS. SCOTT WILLIAMS: You can go to

3 Alcosan.org. The home page will guide you to the

4 document. Again, it is the most important thing

5 that we are working on right now. So you won't have

6 a hard time finding it. Just look at the size of it

7 (indicating). You can't possibly have a hard time

8 finding it.

9 It is a very elaborate, very prescriptive

10 document in terms of what it requires us to do, but

11 I don't want to get too far into that until I give

12 you the background. And I could stand and babble

13 about Alcosan for probably four or five hours

14 without a presentation. So we will just go right

15 ahead and launch into that.

16 For anybody who is not familiar with what

17 Alcosan is, it is an acronym for the Allegheny

18 County Sanitary Authority. The Allegheny County

19 Sanitary Authority is a waste water treatment

20 service provider.

21 This is the layout which I've already

22 described to you, a layout of the presentation.

23 Here we are, who the authority is. Again, I

24 explained the acronym. We are not a potable service

25 water provider. We do not treat the water that

STENO REPORTING
(724)733-1094

5

1 comes directly to your home, to your faucet. We are

2 not a garbage collector. There are people that call

3 us with these questions all the time. They see

4 sanitary authority and think in many cases that we

5 provide these other services.

6 We treat the waste that leaves your home,

7 that leaves industry, that leaves commercial

8 establishments, and we treat everything that comes

9 down the drain in combined systems, which we will

10 talk about a little later.

11 For the most part, I think we've got an
12 audience that can appreciate when waste water
13 treatment came to this region. In 1945 the State
14 Water Board directed municipalities within Allegheny
15 County to stop polluting the local waterways, to
16 stop polluting the streams of the Commonwealth.
17 1945, that's really in the grand scheme of things
18 not that long ago when you start to think about what
19 we're talking about here.

20 Raw sewage going into the receiving streams,
21 there was quite bit of hubbub at that time, some
22 panic. The communities banded together and
23 petitioned the county. Of the 102 communities that
24 received these orders, 102 communities and 90
25 industries, 74 went to the county and said, "Look,

STENO REPORTING
(724)733-1094

6

1 we need a unified approach. We need an authority.
2 Please inform my municipal authority. We will join
3 somebody. One entity preferably needs to take on
4 this responsibility. We will pay the appropriate
5 user fees, but please get us out from underneath
6 this."

7 So Alcosan was formed in 1946. And the
8 formation gave the authority responsibility for the
9 interceptor system. Those are the large pipes that
10 bring the sewage to the treatment plant, in some
11 cases they are as large as 10 feet in diameter, and
12 the treatment facility itself.

13 You have to understand, for a very long time
14 there have been municipal sewer systems, those
15 systems that were conveying all that sewage to the
16 receiving stream. The municipalities retained all
17 responsibility for those municipal systems. Between
18 the formation in 1946, all the design, evaluation,
19 the construction efforts, the treatment plant went
20 into operation in 1959.

21 Alcosan today, we are an independent
22 municipal authority. Don't be deceived by the name.
23 The Allegheny County Sanitary Authority does not
24 mean we are a department or an agency of the county.
25 We are once again an independent municipal

STENO REPORTING
(724)733-1094

1 authority. We have equal representation from the
2 City of Pittsburgh and the county. Unfortunately at

3 times we don't receive any outside resources. We
4 receive no tax money. Everything we do is supported
5 by user fees. Right now we are up to 326 employees,
6 which for the level of service we provide is fairly
7 lean.

8 We are fully self-contained. For those who
9 don't know, many large cities will provide waste
10 water treatment services, but the ancillary services
11 to provide the waste water treatment services, like
12 MIS services, they are IT services, IT support, or
13 they're engineering support. Maintenance services,
14 they can be traditionally provided by the city.
15 That's not the case here. At Alcosan we have all of
16 that functionality in-house.

17 We are a very large treatment facility. We
18 are up to 250 million gallons a day. We are not by
19 any stretch of the imagination the only treatment
20 facility in Allegheny County. We are the largest in
21 Allegheny County. You can see the comparisons with
22 McKeesport, Duquesne, but we are very large compared
23 to those. And we are still one of the largest in
24 the Ohio Valley, period.

25 The governing body is the Alcosan Board of

STENO REPORTING
(724)733-1094

1 Directors. The Alcosan board has been the subject
2 of much speculation when it comes to some of the
3 communities because some of our municipal customers
4 do not feel that they have adequate representation
5 on the Alcosan board. The board initially started
6 as a 5 member county board. Again, that was when
7 the municipalities came to the county and said,
8 "Help us out. Form this authority," which is what
9 they did. The county took responsibility, 5
10 members.

11 In 1956 the City of Pittsburgh joined the
12 party. When they joined the party they brought
13 \$2.5 million. I'm sure I can appreciate the value
14 of \$2.5 million today let alone in 1956. At that
15 point the board was realigned and there were 3 city
16 members and 3 county members. When I say 3 city
17 members, they were 3 members appointed by the Mayor
18 of the City of Pittsburgh along with a consensus
19 from city council. At that point it was 2 members
20 appointed by the County Commissioners which is the
21 system that was in place then.

22 In 1988 the board was reconfigured
23 completely to a total of 7 members, 3 appointed by
24 the county, 3 appointed by the city, and 1 joint
25 appointment. Ironically that joint appointment was

1 not filled. As you can see, it's not even on the
2 screen. But although it was created in 1988, it was
3 not filled until 1996. Jim Roddy was our first
4 joint appointment.

5 The service area itself, I told you
6 initially there were 102 communities that requested
7 help. Only 56 came in initially. For whatever
8 reasons, even though there was this huge request to
9 participate, only 56 came in initially. Today we
10 are at 83 communities that we service. Obviously
11 that is not all of the communities in Allegheny
12 County. It is the majority, but not all of the
13 communities.

14 We have approximately 310 square miles of
15 service area, a little under 900,000 people are
16 served and there about 122 industries under permit.

17 This is the service area (indicating). The
18 shadings are indicative of the types of overflows
19 that we experience in the system. As we get further
20 into talking about overflows, I'll come back to the
21 service area map.

22 Waste water treatment, I've told you that

23 some of these support services in large cities are
24 typically provided by the city. So that's one area
25 where we are different. Another area where we are

STENO REPORTING
(724)733-1094

10

1 different is that in most large cities, all three
2 components of waste water management, which you see
3 here, are provided by a single entity. I told you
4 early on when we went through the formation process,
5 the municipalities retained responsibility for their
6 municipal sewers. That is still a critical piece of
7 the puzzle.

8 Our piece again is the conveyance and
9 treatment system, those large interceptors that I
10 told you about that collect the flow from the
11 municipal sewers and the treatment facility itself.
12 This is a picture of some early boring for one of
13 the tunnels. We do have some very interesting
14 historical photos. We have 90 miles of
15 interceptors. Along that 90 miles of interceptor
16 there are diversion structures. They are the large
17 collection, large conveyance pipes. We call them
18 interceptors. Because we're a football town, it's
19 pretty easy to follow. The flow that was going out

20 to the receiving streams, we intercepted it to bring
21 it into the treatment facility.

22 In doing that we had to make accommodations
23 for flow that would be over and above the capacity
24 of both that interceptor that we put in and the
25 treatment facility. So there are what you see here

STENO REPORTING
(724)733-1094

11

1 diversion structures that allow a controlled release
2 of flow, excess flow throughout the system. That is
3 the basis of what we're talking about today,
4 overflows that come through the system.

5 I want you to understand, this system was
6 designed, it was permitted, it was accepted as is
7 because it was very legally right and proper when it
8 was designed. Things change. Rules and regulations
9 evolve.

10 Again, the municipal systems that link up to
11 our interceptor system which is the conveyance
12 system, there's about 4,000 miles of municipal
13 systems out there. The elected officials are all
14 too familiar with those systems. Once again that is
15 the municipal's responsibility; not the authority's.

16 Design history, I've given you pretty much
17 the basis of the design history, how the flows are
18 allowed to divert. What I haven't told you about is
19 the theory that allowed all of these flows to come
20 to the same pipes anyway.

21 Back in the '40s when studies were done to
22 determine what was in this sewage, what was in the
23 flows that was coming to the treatment facility, it
24 became very obvious that you've got pretty much the
25 same type of flow, high flows during wet weather.

STENO REPORTING
(724)733-1094

12

1 It didn't make a difference what type of system it
2 was coming from. Again, I'm going to get back to
3 the varying types of systems. But because of that,
4 we constructed the system equally to permit
5 diversions throughout.

6 Time goes on. We've moved on from the '40s.
7 We've gone through every conceivable fad as you go
8 through life. Again, as I said, things evolve,
9 rules change. Overflows that were perfectly
10 acceptable when they were initially designed and
11 constructed, now they are not as palatable. Again,
12 it's not just a Pennsylvania issue, a Southwestern

13 Pennsylvania issue and an Alcosan issue. It was a
14 national problem. Overflows were impinging on a lot
15 of activities. I will talk about those later, the
16 actual impacts. So policies were put in place and
17 regulations put in place to deal with those issues.

18 By 1993 we were seeing those regulations
19 surface in our permits, the permits that the
20 regulators, when I refer to regulators, I mean the
21 Allegheny Health Department, the Pennsylvania DEP or
22 the United States EPA. The permits that they gave
23 us, they then started to say, "You are going to have
24 to do a better job of controlling overflows."

25 So after all this reference to overflow,

STENO REPORTING
(724)733-1094

13

1 what actually is an overflow? There you have it
2 right there. It's a discharge of untreated dilute
3 sewage typically. There are two types and I will
4 break those down right after this.

5 There are discharges from combined sewers
6 systems. There are discharges from sanitary sewer
7 systems. One is illegal. One needs to be reduced
8 and minimized, but the end result is they are both

9 overflows. They can result from a variety of
10 issues. This is what they look like. In some cases
11 you can see this on the upper left-hand corner, the
12 gate that is opening up. When I talked about the
13 diversion structures, designed, permitted to
14 regulate the flow when there's too much of it, to
15 protect the treatment plant, that's what you're
16 seeing. You can also have discharges from other
17 types of sources. This is one that is actually in a
18 creek bubbling in the center right here
19 (indicating).

20 Now, a combined sewer system. Combined
21 sewer systems are the older sewer systems, those
22 that are in the older communities. In the older
23 communities the sewage conveyance systems were
24 designed to carry both sewage and rain water. Very
25 simple, very straightforward. Get it away from the

STENO REPORTING
(724)733-1094

14

1 homes. Get it away from people. Get it away from
2 industry.

3 These systems are still legal. Combined
4 sewer systems, CSOs, are the overflows from these
5 systems. CSO, combined sewer overflow. This

6 picture here says it all (indicating). You've got
7 rain water coming down. These are your combined
8 flows. Look at the lovely little pipe coming to
9 Alcosan. But again it's combined. So it's the
10 sanitary sewage coming out of the house. That's
11 sewage that typically is not diluted. You have rain
12 water, any storm water coming down the storm drain.
13 Together they hit the combined sewer pipe.

14 When there's no excessive rain, there is an
15 accommodation for a certain percentage of rain that
16 can be conveyed by these pipes. Everything comes
17 right down to the plant. When it's just sewage, it
18 comes right down to the plant, but when you get too
19 much, it discharges, it overflows. That could be
20 that black gate that you saw opening on that
21 picture.

22 What's the big difference between the last
23 one and this one? And I don't want to hear from an
24 engineer.

25 UNIDENTIFIED SPEAKER: They're

STENO REPORTING
(724)733-1094

2 MS. SCOTT WILLIAMS: They're separate,
3 that's right. So you've got one pipe, one pipe.
4 All of the sewage is supposed to come down to the
5 treatment facility, which in this case is Alcosan.
6 This extra flow, this rain water should go straight
7 out to a river because it's supposed to be clean
8 water. We won't talk about the fact that it could
9 have pesticides in it. It could have all kinds of
10 things in it. Essentially it is clean water. It
11 does not have sewage in it. Unfortunately, some
12 sanitary sewer systems have had combined sewer
13 philosophies incorporated into them, whether it was
14 for development purposes, convenience, what have
15 you.

16 A lot of times within these sanitary sewer
17 systems, you have an illicit connection that
18 connects all of that rain water into the sanitary
19 pipe. It wouldn't be a problem if it was a combined
20 system because it would, one, be sized for all of
21 that flow. Two, it would be permitted and regulated
22 that way. That is illegal. Again, just to drive it
23 home, SSOs, sanitary sewer overflows are illegal.

24 Where do they come from, these big bad
25 overflows that we are going to have to resolve? Any

1 number of issues; primarily rain. I think everybody
2 can understand that immediately.

3 But you can have overflows occurring when
4 it's completely dry outside, when it's picture
5 perfect weather. If you have a water main break and
6 it inundates the system, if you have a blocked line
7 and the sewage can't migrate through, your are going
8 to have an overflow. And because there is so much
9 groundwater and the topography is what it is in this
10 region, it could be days after a heavy rain event.
11 And again with beautiful, pristine weather you could
12 still have overflows because you have that water
13 still coming into the system. So there are many
14 reasons and, of course, power failures.

15 The impact of overflows, besides the fact
16 they are illegal, what's the big deal? What's the
17 issue? I know some people will say, "I've played
18 near the creek. I've played near the stream when I
19 was little. I can remember stuff floating. It
20 didn't do anything to me." Nobody is thinking about
21 that third hand that you didn't show anybody.
22 Overflows are supposed to be curtailed.

23 Again, we have the technology available to
24 us today, and we have the requirement to do
25 something about them, because when you think about

1 it, this is sewage that is going into the receiving
2 streams. And when I say receiving streams, I'm
3 talking typically about the rivers, the creeks. It
4 could be a creek that really has no dry weather
5 overflow. So when you have an overflow, a majority
6 of what's there is sewage inundated. They are
7 harmful to every aspect of aquatic life. And again,
8 they're regulated. We have in the case of SSOs
9 eliminated them. In the case of CSOs we have to
10 reduce them.

11 Again, you can see pictures here of a
12 basement. Technically that's an overflow point. If
13 the system is inundated and it backs up into
14 somebody's home into the basement, while it's not
15 overflowing out of that pipe that you saw back in
16 those pretty pictures, which is what we would all
17 prefer to have it do, if it can't get to that point,
18 it's going to back up into people's homes. That is
19 completely unacceptable.

20 MR. NORMAN LOCKE: Would you repeat
21 that part what you just said about overflowing into

22 homes?

23 MS. SCOTT WILLIAMS: Sewage that cannot
24 make it into the system, make it through the system
25 into the appropriate pipes, can back up into homes.

STENO REPORTING
(724)733-1094

18

1 For sewage that's already in the pipes, that then
2 has additional flow impacting it, it can back up
3 into the homes. That is typically not the case
4 because most systems are not constructed like that.
5 The best way to call it is spacers in between. You
6 are not going to go directly from like the Alcosan
7 system to your home system. There's something in
8 between there that's going to give additional
9 capacity. But that does happen and it can happen.

10 Economic impacts, of course, the public
11 health impacts, the environmental impacts are very
12 important, but there are economic impacts as well.
13 Locally you can have all development not only
14 restricted but curtailed. And I've said this for
15 quite some time that if we cannot manage the sewage
16 that's in the pipe, there is no reason for anybody
17 to permit us to put more sewage in the pipe to incur
18 more discharges, to incur more violations. It just

19 does not make sense. So that is the immediate
20 impact. You can see that with housing developments,
21 industrial plants, you name it. Anyplace that
22 you're talking about sewage hitting the line, if
23 there's no capacity for it, you can't receive the
24 construction permit. That's a big impact.
25 Nationally, how could I forget river front

STENO REPORTING
(724)733-1094

19

1 development. When we look at a lot of these
2 pictures, that is the Majestic right there
3 (indicating). It's the large boat. That's the
4 Majestic. That is absolutely beautiful. Overflows
5 threaten to impact that type of recreational life.
6 The development along the river fronts, overflows
7 threaten to impact all of that. On a national
8 level, the numbers speak for themselves.

9 When you're talking about commercial
10 fishing, recreation, tourism, it's huge, huge
11 dollars. Again, it's not just an issue locally, an
12 issue nationally, it's an issue with a lot of
13 negative implications.

14 The service area again very quickly, I

15 talked about the service area, but now that you have
16 a little more understanding of what an overflow is
17 and the difference between combined and separate,
18 this is how the service area breaks out. Out of
19 that 310 square miles, a majority of it is separate
20 sewer communities. You could see that from that
21 colored schematic of the service area.

22 Even though that's the case geographically,
23 and this certainly makes sense when you think about
24 the fact that older communities are more densely
25 populated, the population served combined versus

STENO REPORTING
(724)733-1094

20

1 separate is very much equal. It's very close, even
2 though there's a much more separate sewer system.
3 There is the service area map in the back.
4 If you have not become intimately familiar with it,
5 feel free to do so. Again, this is our service
6 area. We have numerous combined sewer overflows.
7 259 to be exact. Again, while you're thinking it's
8 a more separate area, still the concentration is
9 CSOs. We have a very, very large concentration of
10 CSOs.

11 This is how we line up with the rest of the

12 country. That's a lot of overflows. That's a boat
13 load of overflows. If you look from 1 to 10, just
14 the magnitude of the difference between 1 and 10, we
15 have a lot to contend with. We are about 316 of
16 those 1,1671 here in Allegheny County. It's really
17 based on the fact that Pennsylvania is laid out the
18 way it is. There's nothing we can do about it.
19 It's the nature of the beast. But you can see the
20 magnitude of our problem. But even with that, still
21 this is a national issue drawing national attention,
22 and other areas were dealt with before the
23 regulators came to deal with us.

24 In the '90s the EPA and their counsel -- the
25 Department of Justice is counsel for the EPA for

STENO REPORTING
(724)733-1094

21

1 anybody who is not familiar with that -- they made
2 it a policy to start looking at larger cities and
3 pursuing enforcement actions. The first time the
4 agencies came to visit us at Alcosan in
5 Pittsburgh --

6 MR. DROZD: I have a question. I took
7 the tour of the facility on the open house day. I

8 took the tour. Anyhow, my question is we've been
9 told it's billions to take care of the
10 infrastructure. But on the other hand, I was told
11 by some of the engineers that's graduated in. It's
12 not all at one time. I'd like to get an aging
13 process of those investments that's needed to repair
14 this infrastructure, if you could take that back to
15 your people. I'd like to get an aging process of
16 what's immediate, what's near and what's long term
17 that we're mandated to fix by federal or whatever
18 authorities. If you could, I'd like to see that.

19 MS. SCOTT WILLIAMS: We could do that
20 for you.

21 MR. DROZD: Is there any dollars that
22 been found anywhere yet to help the municipalities
23 out?

24 MS. SCOTT WILLIAMS: Absolutely. Over
25 the past ten years Alcosan has been lobbying

STENO REPORTING
(724)733-1094

1 aggressively on the state and federal levels for
2 monies to come directly to the communities. We do
3 have a representative from Three Rivers wet weather
4 here today. And Three Rivers has been the vehicle

5 that has been used for those monies to come to the
6 region. I think we are 23-, 24 million. It's
7 somewhere in that range. And it's been for a
8 variety of projects.

9 Initially it was to demonstrate technologies
10 that could be used by the communities to reduce
11 flows within their municipal systems with the
12 understanding that if they reduced those flows, they
13 get a better handle on what's being sent to us, then
14 that's less flow that we have to deal with. So
15 those efforts have shifted over the years in a very
16 positive manner.

17 I cannot applaud Three Rivers enough. They
18 have been the vehicle to bring the communities
19 together to be that cohesive force that was needed
20 to deal with the EPA, the state and the county on
21 the administrative orders consent agreement that
22 they all had to sign. Without Three Rivers that
23 would have never happened. So all that funding gets
24 funneled through them.

25 When I told you initially that funding was

STENO REPORTING
(724)733-1094

1 going to projects, some of it became diverted to
2 that process of pulling people together in dealing
3 with the issues that the municipalities were facing
4 in terms of compliance. It was money well spent.

5 MR. McCLELLAND: That's all very nice.
6 That's less than 1 percent of \$3 billion.

7 MS. SCOTT WILLIAMS: That's a whole lot
8 better than what some people have seen through this
9 whole process. We have a bulls eye on us on a
10 federal level because we have received so much in
11 federal funding. I agree. It's a drop in the
12 bucket, but when you look at what's needed
13 nationally, we are talking billions, \$4- or \$500
14 billion deficit. And there are people that would
15 give their right arm to get the pittance that we
16 received. So we are very appreciative right now
17 even though I understand what you are saying.

18 MR. DROZD: When were the mandates
19 enacted?

20 MS. SCOTT WILLIAMS: You can go all the
21 way back to 1972, the Clean Water Act and work your
22 way from there. There's a 1984 CSO policy, a 1987
23 revisions to the Clean Water Act. As I said, within
24 the Alcosan permit, we saw those requirements in
25 1993.

1 MR. DROZD: I have to say that it's no
2 fault of yours. It's really interesting because we
3 are building a tunnel under the river. This goes
4 back to 1972. That's really interesting, isn't it?
5 That's a lot of foresight on some of our
6 forefathers. Thank you.

7 MS. SCOTT WILLIAMS: Thank you.

8 MR. McCLELLAND: That raises a question
9 then. According to the third party review that's on
10 Alcosan's web site, there was substantial federal
11 funds available in 1970 to do this kind of thing.
12 Where was Alcosan then when you could have gotten
13 federal money?

14 MS. SCOTT WILLIAMS: Alcosan just went
15 to secondary treatment in 1972. Let me again back
16 up. Remember that waste water treatment only came
17 to Allegheny County in 1959. For me that is very
18 telling. I was born in 1960. So to think I just
19 made it by the skin of my teeth to the promise land
20 is very encouraging, but that took a long time to
21 get to that point. Between 1959 and 1972 the
22 treatment facility only provided so much treatment.
23 It was a primary treatment facility. After that we
24 incorporated a higher level of treatment secondary

25 to biological treatment. This is an evolving

STENO REPORTING
(724)733-1094

25

1 process.

2 MR. BORNEMAN: I could maybe answer
3 that a little further. The construction grants
4 program which was supposed to help fund the changes
5 caused by the Clean Water Act was in effect for a
6 number of years. And Pennsylvania, as Arletta
7 spoke, a lot of the funding went towards the
8 treatment plants themselves. There were a lot of
9 plants in Pennsylvania that were not of the
10 necessary level of treatment to meet and comply with
11 the Clean Water Act which said you had to have a
12 minimum secondary treatment.

13 There were also problems in Pennsylvania
14 with wild cat sewers with totally no treatment for
15 sewer systems. Sewers were going into mines.
16 Sewers were discharging untreated. My recollection
17 is to the effect that the Clean Water Act and the
18 construction grants program which only lasted until
19 the '80s when it was converted into an SRL from a
20 grant program to a revolving loan program, in

21 Pennsylvania the priorities were not on CSOs as much
22 as other states. Other states, we looked at their
23 economic impacts, coastal and tourism. Each state
24 had a chance to prioritize what its needs were with
25 limited construction grant money.

STENO REPORTING
(724)733-1094

26

1 At the same time Pennsylvania had
2 Philadelphia to deal with when Philadelphia had
3 problems with their waste water treatment as well.
4 So there were limited dollars with the construction
5 grants program. And, unfortunately, at that time
6 CSOs and SSOs were not the focus of how to use the
7 federal money that was available.

8 MS. SCOTT WILLIAMS: Thank you, Dave.
9 For the laypeople among us, what Dave is talking
10 about is the state revolving loans, the grants
11 program that evolved into the state revolving loans.
12 The state revolving loans are loans that are
13 available to municipalities to treatment facilities
14 for improvement purposes.

15 There is not as much as this gentleman was
16 talking about, the small of amount of money that's
17 come to us for funding purposes. There is not a lot

18 of money in those state revolving loan programs.

19 MR. BORNEMAN: The state revolving loan
20 program is Pennvest today. It's still federal
21 monies recycled, but it's a loan program that the
22 state delegated to Pennsylvania. And that's what
23 Pennvest is.

24 MS. SCOTT WILLIAMS: And a treatment
25 facility with the obligation of the size that we

STENO REPORTING
(724)733-1094

27

1 have does not receive much consideration. One award
2 to an Alcosan or Philadelphia would devastate that
3 pot of money. I believe there are 1,500 entities
4 that can draw from that pot just from the waste
5 water side alone. So not a lot of priority is given
6 to us.

7 MR. KENNY: My name is Tim Kenny. Has
8 Alcosan been levied fines because of this?

9 MS. SCOTT WILLIAMS: Has Alcosan been
10 levied fines because of this?

11 MR. KENNY: Because of this discharge.

12 MS. SCOTT WILLIAMS: What's the
13 pleasure here? Do we want to question and answer or

14 do we want to jump through parts of the
15 presentation? How do you want to go about it? Do
16 we have a preference? I'll definitely take care of
17 that because everybody is always interested in
18 money, but if you want to continue this, this works
19 great for me.

20 Let me address Mr. Kenny's question, have we
21 been assessed fines? Yes. Have we paid them yet?
22 No. That is part of the overall supplement process.
23 When it comes to fines for the violations that have
24 been alleged through this process, and the
25 violations are overflows, discharge of untreated

STENO REPORTING
(724)733-1094

28

1 sewage, when it comes to the fines associated with
2 those violations, the Federal Government, the state
3 and the county took the position that they would
4 fine Alcosan, the authority. Within this settlement
5 process they did not fine the 83 municipalities. So
6 when we talk later about the specific sums of money
7 and where it's going, I can't tell you what it's
8 going to be used for, but where it's going for and
9 when I have to write the checks, that is based on
10 Alcosan's negotiating process, but with the

11 understanding that agencies let the municipalities
12 off the hook when it came to up-front fines.

13 Municipalities have the ability to incur
14 fines going forward if they don't do what they agree
15 to do just like Alcosan does, stipulated penalties.
16 But past penalties, civil penalties, we are paying
17 that alone.

18 Again, we are not alone in this. I can't
19 say it enough. The dots on the map give an
20 indication of other cities who have consent decrees
21 or who are in the process of negotiating a consent
22 decree. Most of them already have one in place.

23 If you look at the larger cities, Atlanta,
24 Boston, New York, Seattle, Washington, there's a lot
25 of activity by the federal agencies. Again, the

STENO REPORTING
(724)733-1094

29

1 federal agencies are the Department of Justice and
2 the EPA.

3 So how do we match up? We are very
4 comparable, and our agreement looks pretty good with
5 respect to what these other cities have had to
6 comply with in terms of a consent decree, and is

7 definitely the best overall return on the
8 negotiating investment, on the investment going
9 forward.

10 What is a consent decree? A consent decree
11 is really an agreement that says somebody has
12 charged you with doing something bad. We say we did
13 it. We sign an agreement saying that we won't do it
14 anymore, and this is how we propose to not do it,
15 and these are the fines that we will pay in
16 association with saying that we have done this. And
17 it is truly the process of negotiation and
18 compromise.

19 This particular consent decree is a consent
20 decree based on the Clean Water Act. Again, it is
21 based on violations of the Clean Water Act as I've
22 already described, discharges and overflows.

23 Why are we in this process? Why do we have
24 a consent decree? Why do we have to go down this
25 path is because the policy, the combined sewer

STENO REPORTING
(724)733-1094

1 overflow policy, based on the Clean Water Act says
2 the permittee, we are the receiver of the permit.
3 When you are this large and you have this many

4 overflows, your resolutions have to be contained in
5 a judicial order; hence, the consent decree. For
6 anybody who thinks we could have done it normally
7 through the permitting process, again based on our
8 size, what we're dealing with right here, we had to
9 end up with a consent decree.

10 What's the status? When I said to Mr. Kenny
11 that we haven't paid the fines yet, that's because
12 the process is not complete. It is substantially
13 complete, but it is not complete. The consent
14 decree we negotiated for quite some time, which I
15 will get to. It was filed May 31. It was published
16 in the Federal Register on June 14. On June 14 that
17 publishing of the notice started the comment period.

18 MR. NORMAN LOCKE: Can you keep that up
19 there?

20 MS. SCOTT WILLIAMS: Sure. Again, let
21 me take you through the process. The whole time you
22 are negotiating, regardless of how long it takes you
23 to negotiate, 1 day or 100 years, when you get to
24 the end of that process, just because the two
25 parties have come to an agreement doesn't mean it's

STENO REPORTING
(724)733-1094

1 all right and fair in the land. A Judge has to sign
2 off on it. A Judge is not going to sign off on it,
3 the court is not going to sign off on it until they
4 receive comments from the public because the
5 settlement process is a closed process. Having gone
6 through it, I can understand and I can fully accept
7 now that that's the only way you are going to get
8 through the process. Even with that it took us
9 seven years in a closed process. But you bring the
10 results of that process to the public in a comment
11 period. That is specified at a minimum of 30 days.
12 In this case it ran 30 days. It ran until the 16th
13 of July. At that point the comment period closes
14 and the court, the Judge, in this case, the Judge is
15 Judge Gary Lancaster. This is federal obviously.
16 We don't do business with the Department of Justice
17 and it's not federal.

18 Judge Lancaster was reviewing the comments,
19 taking those into consideration in determining
20 whether or not he is going to move forward and enter
21 the document. That would make it an official
22 document at that point. And that is the date that
23 all of our activity is based on, date of the entry,
24 the day that it becomes an official document. There
25 are certain things that have to happen based on date

1 of entry. Thirty days from date of entry a certain
2 report is required. Sixty days from date of entry,
3 360 days from date of entry, that type of thing. We
4 are still in the process of waiting for a date of
5 entry to occur.

6 There were two sets of comments and there
7 was an intervention filed by a few of the
8 municipalities. So that is lengthening the process.
9 But again, that resides with the Judge right now.
10 He will be making those determinations. If for some
11 reason the court decides that this agreement that
12 you've negotiated over, and this is just generically
13 speaking, not particularly this one, if the court
14 decides it's not good, they can send it back. And
15 then you have no document.

16 MR. THOMAS LOCKE: My name is Tom
17 Locke. May we have copies of the presentation for
18 our information?

19 MS. SCOTT WILLIAMS: Surely.

20 MR. THOMAS LOCKE: I appreciate that.

21 MS. SCOTT WILLIAMS: It won't be
22 immediate only because I have to admit that I tweak.
23 Based on some of the things you say to me, the

24 feedback I'm getting, I realize we need to go in a
25 different direction. So I will tweak it, but

STENO REPORTING
(724)733-1094

33

1 eventually we will make it available. It won't be
2 long. We are going to conduct all of these
3 meetings. We will be done by next Tuesday. So it
4 won't be long.

5 The settlement process itself, I told you it
6 took seven years. And it would certainly be a
7 misnomer if I led you to believe nothing happened
8 prior to those seven years. I will talk about that
9 a little further in the presentation. But within
10 those seven years there was a lot of negotiation, a
11 lot of compromise back and forth.

12 We received the first draft in September of
13 2000, and we negotiated back and forth until
14 November of 2001. That's because at that point the
15 agencies realized they were going to need to deal
16 with the municipalities. If you think back to that
17 pie chart that I showed you where there are three
18 components of waste water management, I've told you
19 that we're responsible for the conveyance and the

20 treatment, the interceptor and the interceptors and
21 the plants. The communities are responsible for the
22 sewers, the sewers that bring that flow from your
23 house or your business to our pipes.

24 We try to impress upon the agencies that we
25 did not have responsibility for those municipal

STENO REPORTING
(724)733-1094

34

1 lines. That was a hard fought battle. I can
2 respect the agency's approach. The EPA comes to
3 town and they look at a single large entity like
4 Alcosan and say, "Okay. I'm going to hold you
5 responsible for everything." I would do the same
6 thing if I had the opportunity. Rather than going
7 and fight it out with 83 independent entities, their
8 attempt was to come to us and have us accept all of
9 that responsibility. Of course, we can't do that.
10 We couldn't do that.

11 So it was a lengthy process back and forth
12 with them getting them to the point November 2001
13 where they finally accepted they were going to have
14 to pull the municipalities in. Not into the
15 settlement process that we were engaged in because
16 that wasn't possible. So they went off and they

17 dealt directly with the communities.
18 They came up with administrative orders,
19 consent orders where the communities agreed to
20 perform certain activities to learn more about their
21 systems, to investigate their systems, to televise
22 their systems, to make an overall assessment so the
23 communities could understand better what their
24 systems were actually doing, because you have to
25 understand that sewage pipes are out of sight out of

STENO REPORTING
(724)733-1094

35

1 mind infrastructure. It's nobody's fault. That's
2 just the way it is. In some cases communities did
3 have a good hand on what their infrastructure needs
4 were. So they went through that process and came
5 back to us in July of 2003. We negotiated in
6 earnest until May of this year. And we now have a
7 document.

8 One of the biggest headlines I have ever
9 seen, not just because it was my headline, but it
10 was a huge headline. You can see billions. The
11 people that participated in the process and just an
12 acknowledgment on my side of the fence of the people

13 who fought the very hard battle with me, a very
14 passionate battle.

15 My Director of Engineering and Construction,
16 Dave Borneman, who has been responding to your
17 questions, our Director of Environmental Compliance,
18 Art Tamilia, our Director of Regional Conveyance.
19 Again, this was my team.

20 We had every area, every aspect of our
21 organization represented throughout the process.
22 Our legal counsel was Eckert, Seamans, Cherin &
23 Mellott and our technical consultant, we do have a
24 representative from CDM back here, Camp, Dresser
25 McKee. They were with us the entire way.

STENO REPORTING
(724)733-1094

36

1 MR. NORMAN LOCKE: Who is the technical
2 consultant that is here?

3 MS. SCOTT WILLIAMS: Camp, Dresser,
4 McKee.

5 MR. NORMAN LOCKE: He represents
6 Alcosan?

7 MS. SCOTT WILLIAMS: They are our
8 retained consultant for wet weather issues.

9 MR. NORMAN LOCKE: For wet weather

10 issues meaning...

11 MS. SCOTT WILLIAMS: Wet weather, rain,
12 snow melt, runoff, not just typical daily sewage
13 treatment needs. It's what happens during wet
14 weather that generates overflows and how you deal
15 with overflows. There will be a little bit more on
16 that as we go on.

17 On the other side of the fence, I told you
18 that the EPA was represented by the Department of
19 Justice. And that can be scary to folks. They also
20 had their in-house legal counsel on a couple of
21 levels. On the regional level from headquarters
22 they have technical staff internal to the agency,
23 and they also have external technical consultants.
24 Just like we use, Camp, Dresser, McKee, they use
25 SAIC. And also the state and the county were at the

STENO REPORTING
(724)733-1094

37

1 table.

2 What were our negotiating goals? To get the
3 best deal possible, absolutely. At the end of the
4 day that was the overriding objective. My other
5 objective that I was tasked with was bringing the

6 civil penalty. Again, that's the penalty for past
7 sins, bringing it in under \$1 million.

8 MR. NORMAN LOCKE: What is the civil
9 penalty for?

10 MS. SCOTT WILLIAMS: Civil penalty is
11 for past sins. I'll tell you about that in just a
12 little bit. For what has gone on up to that point,
13 not necessarily what I have inherited, because I
14 could have been part of that bad, bad thing all
15 along myself.

16 The objective is to get the best deal
17 possible. If it's in the newspaper, it must be
18 right. We did get the best deal possible.
19 Fortunately, because our public relations person is
20 so astute at conveying our message, we were able to
21 convey it in this manner, but we did. And I'm not
22 saying this because it was my team. It was my
23 journey. I know that nobody could have gotten a
24 better deal than we got. It was a hard fought labor
25 of love.

STENO REPORTING
(724)733-1094

1 The civil penalty that you're interested in,
2 and you might want to write this down, the civil

3 penalty is for what has occurred in the past. So
4 that's all the overflows, all the flapping up of
5 those little gates, all the bubbling up that has
6 occurred up to this point. It is for the past
7 overflow sins. It is to resolve those matters never
8 to be spoken of again.

9 On the other hand, you have penalties for
10 the future. Those are stipulated penalties. The
11 civil penalty is based on a very basic calculation;
12 so many thousands of dollars times each overflow
13 that has occurred over a very, very lengthy time
14 period. And when they did the basic mathematical
15 calculation, the civil penalty, not that anybody
16 ever suggested that this would be put on the table,
17 but based on the calculation alone, the civil
18 penalty could have been \$1.3 billion for all of the
19 overflows for many, many years.

20 Remember, there are 316 structures out there
21 that are overflowing and this is over a lengthy time
22 period. Again, nobody ever anticipated that would
23 be the civil penalty, or I wouldn't have been sent
24 in trying to get the penalty under \$1 million.

25 Civil penalties at \$1.2 million, that is

STENO REPORTING
(724)733-1094

1 split three ways as you see here. The federal
2 government gets their share first in 30 days of date
3 of entry, DOE. They get theirs first. I think the
4 lion always comes to the table first. Everybody
5 else gets what's left at the end of the day. The
6 state gets theirs next at 180 days, and then the
7 Health Department gets theirs last.

8 Stipulated penalties can be rather painful.
9 They can range from \$750 a day to \$2,500 a day. You
10 might look at that compared to the \$1.2 million and
11 say, "What's the big deal? Pay \$1.2 million." \$750
12 to \$2,500 per event per day, and notice that per
13 event per day. So you could have multiple events
14 per day. Stipulated penalties aren't simply for
15 times that the flap opens. Stipulated penalties are
16 incurred for a variety of things.

17 This document that I've told you is so very
18 prescriptive, you see how large it is. Everything
19 that we said we would do within this document we
20 must do it. If we don't do it when we said we would
21 do it and how we said we would do it, if it's
22 submitting a report, if it's turning left when we
23 said we would turn left, if we don't do that, we get
24 stipulated penalties. Again, that's per event per
25 day. So they can mount up very, very quickly.

1 Part of the negotiating process is an
2 opportunity to suppress the penalty. You can
3 suppress the penalty by offering to do other
4 projects that are environmentally beneficial.
5 Remember, you are dealing with the Environmental
6 Protection Agency. These projects, while having an
7 environmental benefit, cannot have anything to do
8 with the violation you are being charged with. That
9 certainly makes sense. That wouldn't be very fair.

10 We agreed to perform \$3 million worth of
11 those projects. These projects are referred to as
12 supplemental environment projects. We will do \$3
13 million worth of projects. That is one of the
14 mechanisms that helps us bring down that penalty.

15 Across the country you can see the
16 comparisons with other cities who have consent
17 decrees. You can see what their supplemental
18 environmental projects are. You can see what their
19 civil penalty is. Remember, our civil penalty was
20 \$1.2 million. We compare most favorably with
21 Cincinnati at the bottom, identical civil penalty.

22 What are we required to do in this document?

23 It's everything under the sun that ends up tying
24 into eliminating sanitary sewer overflows because
25 they are illegal. We have to eliminate dry weather

STENO REPORTING
(724)733-1094

41

1 discharges. Those would be if you go back to those
2 pictures of the house and the rainfall early on,
3 those overflows that are occurring, when none of
4 that rain is hitting that house, that ground,
5 hitting that pipe is just sewage, which as we
6 referred to earlier happens when you have a pipe
7 blockage or you have some other misfortune, power
8 failure or what have you, those are illegal. And
9 they are very, very problematic when it comes to the
10 consent decree because we will be fined heavily for
11 them. And that is understandable. That is pure
12 sewage. It's not dilute sewage. Even the discharge
13 of dilute sewage is unacceptable. It is completely
14 unfathomable that you should have discharge of raw
15 sewage.

16 We have to regulate the combined sewer
17 overflows to meet the policy, meet the requirements.
18 We have to operate the collection system to collect

19 all flows that are being generated out in the
20 municipal systems. And we have to development a wet
21 weather plan. A wet weather plan is a very
22 important aspect of the consent decree and what we
23 agreed to do because the wet weather plan outlines
24 how we are going to come into compliance to meet the
25 goals that have been established for us. That wet

STENO REPORTING
(724)733-1094

42

1 weather plan has to be submitted by 2012. That is
2 very, very close.

3 When I'm telling you all these things, I
4 don't want you to think, as you asked earlier, what
5 has been happening? What has been going on? We
6 have been very, very proactive. And we have to
7 provide public outreach. It's very similar to this.
8 And more often a little more fun than this.

9 Hopefully we can get some of you folks to
10 come to the treatment plant at some point and we can
11 show you how we really "whoop" it up when we talk
12 about overflows in a very passionate way.

13 We are required to model, monitor and repair
14 the system. Everything we come up with has to
15 manage the flows and maintain compliance for 20

16 years. This very complicated looking chart is not
17 really that complicated. The councilman has left
18 who was asking how we are going to phase the
19 spending.

20 Our requirements go up to 2026 to implement
21 everything that we've agreed to in this document,
22 but there's a process along the way. Some of the
23 process dovetails with what the communities are
24 doing and have been doing. Communities had to do
25 mapping, an assessment that I talked about earlier.

STENO REPORTING
(724)733-1094

43

1 They were required to do that early on. At the same
2 time there's flow monitoring and modeling that's
3 taken place and a water quality assessment. That's
4 determining what are the true water quality impacts.
5 We are not just looking at spending money for the
6 sake of spending money. We want to know what the
7 impact is on the receiving stream. What is it like
8 out there now? What are the improvements going to
9 give us?

10 MR. NORMAN LOCKE: Would you mind
11 taking a moment to expand the mapping that the

12 municipalities had to do? The municipalities have
13 some responsibilities.

14 MS. SCOTT WILLIAMS: Yes.

15 MR. NORMAN LOCKE: Can you expand and
16 let us know --

17 MS. SCOTT WILLIAMS: Dave is much
18 better at mapping than I.

19 MR. BORNEMAN: The mapping aspect we
20 feel is a very critical part of the process. Back
21 when we started our negotiations, the agencies
22 wanted to make sure all of the people who provided
23 input are at the table. So as we have a consent
24 decree that requires development of a regional map,
25 the municipalities were also under their separate

STENO REPORTING
(724)733-1094

44

1 orders with the county or the state were required to
2 compile a map of their systems and share that
3 information with us.

4 So back when they had their orders on a
5 previous slide that started around 2002 or actually
6 I think they were signed in 2004, there's a
7 requirement under their orders to update and prepare
8 a map of their local sewer systems. They define

9 elements of that sewer system as the map has to
10 contain all of the critical elements, the large
11 pipes, manholes.

12 MR. NORMAN LOCKE: Sanitary only?

13 MR. BORNEMAN: I believe the orders
14 were addressing their sanitary systems. Some
15 communities may have done more than sanitary. But
16 my understanding is the orders were implicit about
17 their sanitary sewer systems, or if they were a
18 combined community, their combined sewer systems.

19 MR. NORMAN LOCKE: But not storm?

20 MR. BORNEMAN: I can't say for sure.

21 MR. NORMAN LOCKE: That's a very
22 important question that needs answered. That's why
23 I'm asking that because there are serious, serious
24 implications. If you remove 100 million gallons
25 from your system, you must account for where that

STENO REPORTING
(724)733-1094

1 went to. Did it go into a coal mine? Did it go
2 into an area that made a landslide? Did it go into
3 somebody's basement? If you remove 100 million
4 gallons or 1 gallon, you must tell me where it went.

5 MR. BORNEMAN: As an engineer I can
6 appreciate your comment. The mapping requirements I
7 do believe were only about sanitary, but certainly
8 to know where your storm sewer system is equally as
9 important.

10 MR. NORMAN LOCKE: The question is a
11 little more concentrated. I'm saying if you take a
12 gallon of water, I want to know whether it went onto
13 my neighbor's property, in a coal mine, in a
14 landslide in Pitcarin or Monroeville that killed a
15 fireman. Where did it go? All of these land
16 landslides -- I guarantee you it will surface that
17 we have created a situation of unaccounted water
18 which we will I predict very quickly, because there
19 are very serious issues going on because we are not
20 accounting for the water.

21 What is incredible to me, and I just
22 realized it tonight, is all of the focus here -- and
23 I understand it because that's who you are. You
24 have done a wonderful job on your side. There is no
25 question about that. The EPA, everybody has done a

STENO REPORTING
(724)733-1094

2 haven't heard nobody talk about the responsibility
3 and accountability of where that water went. And
4 I'm telling you that it's seeping into basements
5 little by little. And I guarantee you that mold
6 problems are occurring rapidly, that people are
7 waterproofing their basement. You better get on a
8 waiting list because you will be waterproofing your
9 basement. And they will find mold on your walls.
10 And they will find white mold maybe, like they did
11 in my house on my rafters.

12 Even people in elevated areas are getting
13 mold, water seepage. If you don't clean water
14 seepage up in 24 to 48 hours, the possibility of
15 mold is extremely high. And I strongly suggest that
16 everybody in the United States walk into their
17 basement with a flashlight because we are
18 experiencing -- it is going to be unbelievable.

19 And I predict -- I can show you landslides
20 and I can show you where 12 inch lines are coming.
21 Water is going into catch basins in the street and
22 10 feet into the woods. It's coming back out,
23 running down the hill and into a building. And
24 infiltrating a building -- a local YMCA is being
25 infiltrated with this street water. And they have

1 known it for years. I have pointed it out to them.
2 Because it's so complicated, because you guys are
3 doing such a wonderful job nobody wants to talk
4 about that. But I'm telling you -- I'm repeating
5 myself.

6 I was going to court today to file a federal
7 injunction because of what I'm telling you. I
8 finally got ahold of my attorney and he's looking
9 for more information.

10 This is so overwhelmingly complicated and
11 nobody is listening at the local level. I can go
12 beyond that because I've talked to so many
13 officials. But nobody is asking where the water is
14 going. You look in any yard and the downspout may
15 come out beside the building. My next door
16 neighbor, because he sold his house, the downspout
17 now comes out of the sewage. We want that.
18 Congratulations. But now it's 5 feet from my
19 property and I have mold because of that and other
20 reasons.

21 The argument can be, "Well, maybe my
22 sidewalk has a little bit of a wrong slant and maybe
23 that's causing some seepage." And that's true. But
24 if you add another 600 gallons of storm to that

STENO REPORTING
(724)733-1094

48

1 happening everywhere, folks.

2 When I finally realized what -- I've been
3 looking at this for a long time because I've been
4 threatened to be fine. I'm not even in Alcosan. I
5 happen to be in a community that is part Alcosan and
6 they want to fine me. They have told me -- I'm
7 spending upwards of \$20,000 to \$30,000 to correct
8 the problem. I don't think I have to correct it,
9 but I have a letter that says I have to. I want to
10 correct it. I want to be a contributor to clean
11 streams and all of that.

12 But I guarantee you, you are doing a
13 wonderful job. And I guarantee you, you think that
14 you spent whatever it is, \$50 million to make your
15 system clean. You can spend just as much on the
16 other end for what the municipalities are damaging,
17 because there are not proper regulations on
18 downspouts. I would bet that if you build a
19 building on federal land, that you better have a
20 downspout 10 or 15 feet from your house and the
21 ground better be this.

22 There are countries that are taking
23 groundwater and they are pumping it from -- what's
24 the terminology -- water tables. They are moving
25 water tables. My house is high on a hill. I got a

STENO REPORTING
(724)733-1094

49

1 crack in my basement. And the basement inspector
2 came into my house and said, "See the salts on that
3 crack? That means the water table has come up and
4 back down again and it left the salts." So it isn't
5 just my walls leaking. The water tables have come
6 up. It's lifted my porch off of a steel beam over
7 the years.

8 I've had surveys done. I applied for mine
9 insurance. So it's recorded how many cracks I have
10 in my walls. So now when we compare the cracks,
11 there's no comparison.

12 I have talked to so many people that have
13 moved their downspouts and then had to waterproof.
14 And then I say, "Did you have mold?" They say,
15 "Yes." Even people are probably dispensing it out
16 into the streets because we are playing with water
17 tables. And that's why I am saying that the

18 landslides -- and I'll show you a landslide that is
19 a direct result of this. I'll show you water -- and
20 the YMCA will argue that the pool water is
21 infiltrating through the deck. That's true because
22 I did the test down there. I ran a hose. And it's
23 true.

24 I also ran a test outside because I saw the
25 water on the running track after a rain. So I took

STENO REPORTING
(724)733-1094

50

1 a garden hose and ran it outside. Sure enough that
2 water came in. And I took a pH of it. And it's
3 rain water. I took a pH of some water that was pool
4 water. I took a pH of water over here and it's rain
5 water. I checked the sewer outside. And it's the
6 same pH as inside the building coming from a
7 community that's trying to conform to what you're
8 saying.

9 And I'm saying to you and everybody in this
10 room that there is a serious health hazard. And I
11 strongly recommend that you need to be accountable.
12 Anybody in this room or anywhere in the United
13 States that has anything to do with responsibility
14 of the movement of the water tables, and that's the

15 result of what we're doing, had better look at it
16 because they are causing mold, landslides, and they
17 are causing people to die.

18 In Monroeville and Pitcarin they blamed that
19 on construction. That's just a little bit of area
20 where they moved water around resulting in a flood
21 of Pitcarin and the death of somebody. We are
22 talking about millions and millions of gallons more
23 than that going into unknown areas.

24 MS. SCOTT WILLIAMS: Let me address
25 this man's passion. You are covering a multitude of

STENO REPORTING
(724)733-1094

51

1 issues all at once.

2 MR. NORMAN LOCKE: However, I'll take
3 it down to one fact. It's a health issue. That's
4 it.

5 MS. SCOTT WILLIAMS: As far as we are
6 concerned, public health when it comes to the
7 conveyance of flows and sewage treatment is more
8 important than anything else. I said the conveyance
9 of flows and sewage treatment. Flows is very
10 generic and all encompassing, sir.

11 Dave and I will be happy to speak with you
12 after this. We are going to need to get back on
13 track because the ratepayers of the Allegheny
14 Sanitary Authority have only paid for this room for
15 a certain amount of time. And if I have to pay for
16 it for much longer, I'm going to be in big --

17 MR. NORMAN LOCKE: Alcosan has done a
18 wonderful job on their end of it.

19 MS. SCOTT WILLIAMS: Thank you very
20 much. So the big slide, the time frames, the
21 requirements, you see agency review up in the small,
22 red arrow there. Everything that we do, everybody
23 that we submit, the agencies are going to have to
24 review and still sign off on. It's a very
25 complicated and very intricate process. This is the

STENO REPORTING
(724)733-1094

52

1 schedule for tracking and planning purposes
2 (indicating). There are multiple layers of the
3 schedule. This is just 1 of the 17 pages of how we
4 track our obligations. So at the end of the day we
5 are in compliance and not just in compliance, but we
6 are doing the best we possibly can with the
7 ratepayers' fees and that we are achieving the goals

8 and the spirit of what we have agreed to.

9 Although we've already got to what it all
10 means, what in the world does all this mean? It's a
11 lot of complicated "mumbo jumbo." Who is
12 responsible? How is it going to get done? When is
13 it going to get done? What is it going to
14 accomplish at the end of the day? And, of course,
15 how much will it cost?

16 Again, I just want to remind you that it's
17 not an isolated issue. Because it's not an isolated
18 issue, there's a lot of information out there. The
19 consultants that we make use of have a lot of
20 institutional knowledge about what has been done at
21 other places and they have brought that to bear on
22 our program.

23 Have we been proactive? Yes, we have been
24 very proactive. In 1989 we had a peek at what was
25 going to be coming with respect to the National CSO

STENO REPORTING
(724)733-1094

1 policy. In 1991 we have brought Camp, Dresser,
2 McKee on board because of their national experience.
3 Again, it's not an isolated issue, but to learn from

4 others' experiences.

5 From '92 to '98 we investigated our system.

6 We looked ad nauseam at what we had, how it was
7 functioning, what we could do with it, how we could
8 do better with it, something that we had not done
9 since the pipes went into the ground.

10 In 1998, as I referred to Three Rivers, we
11 were instrumental in forming Three Rivers with the
12 understanding that a lot of the money was going to
13 have to come to this area, a boat load of money.
14 And we needed to position ourselves to get as much
15 as possible for this region; not necessarily for
16 Alcosan but for this region. We had a strained
17 relationship with our municipalities. So the
18 funding could not come to us. We could not be a
19 vehicle for distributing that money. That's why we
20 formed Three Rivers.

21 Between 1998 and 2000 we started
22 informational meetings with the EPA, the Department
23 of Justice, the state and the county. And again you
24 know what the result of that was in 2007.

25 In terms of what came of all of these

STENO REPORTING
(724)733-1094

1 activities, the books you see over here
2 (indicating), these are the happy books that you see
3 on the screen. These are the documents that came
4 out of all of that investigation, that proactive
5 stance. First, it was finding out what was in the
6 ground. How well is it working? Are we doing what
7 we're supposed to do with it? In that last report
8 in 1999, the long term control plan, that kind of
9 laid the framework for how we were going to deal
10 with everything.

11 What did we find out from all of that? We
12 found that what we all know now, we were able to
13 quantify it better. Those big pipes that bring flow
14 to the treatment facility can convey about a billion
15 gallons a day when there's wet weather, when there's
16 rain, a snow melt, a wet weather event.

17 The communities are contributing about a
18 billion gallons a day. The interceptor can convey
19 about 875 million gallons a day. The pinch point
20 was the treatment facility. Right now it can take
21 275 million gallons a day. That's maximum
22 sustainable capacity. When we started this
23 investigation we were barely at 200 million gallons
24 a day. You can see what the pinch point is.

25 When you start looking at options, how are

1 we going do deal with this? What are we going to
2 do? Again, this is long before we get to the
3 process of negotiating a consent decree because we
4 are actively and aggressively working on this. If
5 you got too much flow, you got a billion gallons
6 that you are trying to deal with, you only got a
7 200 million gallons of capacity at the plant, what
8 are you going to do? You have to take some of it
9 out.

10 What are you going to do with it when you
11 take it out? You just don't take it out and let it
12 go somewhere. You have to either provide treatment,
13 do some source reduction back in the communities or
14 along our system. You can add additional
15 conveyance. You can add more of those large
16 intercepting pipes. You're probably saying, "What
17 good is that going to do if you still have a pinch
18 point of 275 million gallons a day?" You can create
19 some local storage in those lines as you're moving
20 it, but there's also places where it's just a pinch
21 trying to get that flow to the plant in the first
22 place. That's what the additional conveyance gives
23 you.

24 And lastly, storage. You can just build
25 huge tanks out there to capture all of that flow to

STENO REPORTING
(724)733-1094

56

1 hold it so that when the systems have died down,
2 when the rain is gone, when it's dry again, you can
3 then bleed that flow into the treatment plant.
4 There's not one option that is any better than any
5 other. All of the options working together give us
6 the best bang for the buck and the best result for
7 the ratepayer. And that's what we have been looking
8 at all along.

9 Again, the types of facilities that we are
10 looking at, what is this going to require us to do
11 while we are planning on how we deal with these wet
12 weather flows and how we have moved it to the age of
13 the consent decree? We know we have to communicate
14 and coordinate with our customer and municipalities
15 very extensively. We can't get it done without
16 them. We have to perform cost analysis on all the
17 alternatives.

18 What you see of pictures here are different
19 types of treatment. It's different ways of dealing
20 with these excessive flows. If you look down here

21 in the lower right-hand corner, it looks like a
22 basketball court. What does a basketball court got
23 to do with treatment? The facility resides
24 underneath that court because obviously there are
25 going to be places where we need to build things

STENO REPORTING
(724)733-1094

57

1 where it's not going to be everybody's preference to
2 have them built. We will encounter the "not in my
3 backyard syndrome." But if you can go into an area
4 that is in need of some enhancements and take this
5 type of approach, people can be much more receptive
6 to what you are proposing.

7 At the end of all that we still have to do
8 postconstruction monitoring for compliance. So at
9 the end of that 2026, 20 years beyond that, we got
10 to know that those systems are going to work. So
11 for 3 years after that 2026, we have to monitor and
12 evaluate to make sure everything we built and put in
13 place is working properly. How do we do it? The
14 service area map that you've seen, you just don't
15 jump out and say, "We have 310 square miles. We are
16 just going to willy-nilly pick and choose what we

17 are going to work on here."

18 We have divided the service area into seven
19 planning basins. And we are retaining consultants
20 to focus on individual basins. At the same time we
21 have divided that same area into three geographic
22 study areas for the purpose of flow monitoring. You
23 saw that back on the large schedule chart, the flow
24 monitoring that's required. We bring in companies
25 to perform the flow monitoring.

STENO REPORTING
(724)733-1094

58

1 So I just want you to have an understanding
2 that we do have our arms around this. We have a
3 variety of mechanisms for tracking these activities,
4 and we've been engaged for quite some time. We have
5 to share information. We have to share a lot of
6 information with the communities. We have to get
7 information from the communities more than we ever
8 have in the past.

9 And again just to remind you, for the most
10 part at this point we have that under control, and
11 we have our arms around how we are going to move
12 forward to meet compliance. What are our goals?
13 Our goals are we need to do what we said we will in

14 the consent decree. We need to meet the
15 requirements of the Federal Clean Water Act, the
16 clean streams law.

17 What are we getting out of this? The
18 benefits are obvious. The benefits are enhanced
19 water quality that has so many positive impacts.
20 Again, look at the pictures. They speak for
21 themselves.

22 In addition to what we talked about a little
23 earlier, the penalties, the civil penalty and the
24 stipulated penalties, there's the cost of what is
25 going to be required to go forward. You heard the

STENO REPORTING
(724)733-1094

59

1 \$3 billion price tag. You've seen it. The \$3
2 billion the way it was defined in 1999, \$1 billion
3 of that is for the Alcosan work. \$2 million of that
4 is for the community work. Those numbers will have
5 to be revised, upgraded from where we are today.
6 But those are comparisons with project costs.
7 Again, not the penalty dollars but the project costs
8 around the country.

9 There's nowhere near enough money and

10 there's no pot where it's going to come from. There
11 are too many competing needs out there. We are
12 going to have to be much more resourceful.

13 Are we going to do the same intense indepth
14 analysis for financial considerations as we've done
15 on the technical? Absolutely. That is part of the
16 requirements of the document of the policy. We will
17 be looking for funding assistance. We have to.

18 Again, as I've said, we have worked very
19 aggressively on the federal and state level bringing
20 funding to Three Rivers. You are going to see us
21 continue that pursuit. Part of that money we are
22 going to be looking directly to come to the
23 authority for implementation of consent decree
24 requirements.

25 What does it really mean with respect to

STENO REPORTING
(724)733-1094

60

1 rates? Where are we right now? I'm not going to
2 give you some false hope that there's going to be a
3 slide that is going to come up that is going to say,
4 "This is what it's going to cost for the next 20
5 years," because that's not what's going to happen.

6 This is where we are right now. I will

7 share with you what the impacts are on those rates.
8 Right now it's costing about \$240 per year for the
9 average household. That's based on a quarterly
10 estimate of about 18,000 gallons per quarter. For
11 the citizens you may or may not realize that we bill
12 base on your water consumption. So we are greatly
13 impacted by what your water consumption is. It's
14 the best system available for billing sewage
15 treatment today and we make use of it.

16 Right now there are two options for billing
17 out of the Alcosan system. There is the direct bill
18 option. That's where we bill you, the customer.
19 You get a bill directly from us. You pay us. And
20 there's the lump sum opportunity. Very few
21 communities still engage in the direct bill effort.
22 And that's because when it's a direct bill, again,
23 we are billing you for that \$2.98 for 1,000 gallons
24 that you've consumed. It's going straight to you.
25 It's coming straight to us. Right now I think out

STENO REPORTING
(724)733-1094

1 of 83 communities, I believe we are at 5 communities
2 that still make use of direct billing.

3 The lump sum effort on the other hand,
4 allows communities to add a fee to take care of
5 their piece of that three-part pie chart, the
6 municipal collection system, those sewers within
7 your municipality. And those fees, obviously
8 Alcosan has nothing to do with it, but we bill the
9 community for everything that you've consumed, and
10 they in turn bill you with this ad-on fee.

11 What kind of impacts do we have? What will
12 we be looking at while we're talking about where the
13 rates will go? Of course, the consent decree and
14 implementation of the consent decree. But there are
15 other issues out there. I think it's easily
16 understood what those issues are because you are
17 suffering through the same issues.

18 The cost of utilities, we are going through
19 our budgeting process right now. From electricity
20 to natural gas, we are seeing a potential for some
21 very, very significant increases. We are a large
22 user of electricity. My monthly electrical bill is
23 \$600,000. It takes a lot to pump 200-some million
24 gallons of sewage through the treatment plant. It
25 takes a lot to run the odor control facilities that

STENO REPORTING
(724)733-1094

1 minimize the impacts on the surrounding community.

2 Utility costs definitely are the bottom

3 line. People consistently using less water is the

4 two-edge sword of the wet weather dilemma. When you

5 have a lot of wet weather, if you have a rainy

6 spring, a rainy summer, people aren't watering their

7 lawns as much. They aren't filling up the kiddie

8 pool. They aren't splashing in the water. They

9 aren't doing all sorts of things. They're not

10 washing their cars. Believe it or not, we see

11 that. We have seen significantly less billable

12 consumption over the last several years. We also

13 see the efforts of conservation; low water toilets.

14 We have definitely seen the impacts of

15 people using less water, not to mention, of course,

16 when you look at the customer base itself. Our

17 largest industrial customers which have been some

18 significant users over the years, a lot of them are

19 no longer here. I am pained to say and have said

20 this for the past several years, the only commercial

21 customer that has increased in consumption over the

22 last decade has been the penitentiary. That's it.

23 Then, of course, the penitentiary went "bye-bye."

24 It was not a good day.

25 We've also lost state funding. You've heard

1 the Port Authority again and again and again. We
2 lost funding as well. We had a \$5.5 million grant
3 that we were making use of. It had been available
4 since 1952. That money went south in 2003. So it's
5 something else that we've had to accommodate for an
6 impact on the rates. And, of course, everything
7 that goes along with the consent decree.

8 Another big headline, "Alcosan Rate Hike
9 Possible," because the first day they come and say,
10 "What was it like to sign the consent decree?" You
11 say, "We got the best deal possible." And you
12 publish that. They come back and say, "Oh, yeah,
13 what's it going to cost?" You say, "We're going to
14 have rate increases." I hope we can stay them off
15 until much later, but we are going to have rate
16 increases.

17 What we know right now is we are going to
18 have a January 1 rate increase. January 2008 we
19 will raise rates. We have a consultant looking at
20 that right now. Please, when I talk about all the
21 consultants we use, I don't want you to think that
22 we do not have competent staff in-house. We have

23 the best, absolutely. I will put them up against
24 anybody, but it is entirely too much work for us to
25 do. So right now we have a consultant looking at

STENO REPORTING
(724)733-1094

64

1 that. We will get the results of that by the middle
2 of this month because we have to notify the
3 municipalities so that they can incorporate any
4 increase into their rate structure. That's whether
5 they are direct bill or lump sum. They have to make
6 accommodations for that.

7 We are going to perform a cost of service
8 study. That study will literally tell us what it
9 will cost to perform the services we perform next
10 year. That will give us a better projection going
11 forward. But again, I'm not going to tell you that
12 for the next ten years the rates are going to go up
13 at this level at this rate. There are too many
14 unknowns at this point. There are many technical
15 alternatives that we have to look at and evaluate
16 and work through municipal issues. We've got to
17 take the same look at the money.

18 But guaranteed, we've exhausted efforts to
19 minimize. That's my charge. As much as I was told

20 to come back with less than \$1 million civil
21 penalty, I'm also charged with keeping rate
22 increases as low as possible.
23 Public participation, while we're going
24 through all of this process, I want you to hopefully
25 be comfortable that we are going to be coming back

STENO REPORTING
(724)733-1094

65

1 with you with these types of meetings. There will
2 be information available on our web site. A lot of
3 that is required in the consent decree. Most of it
4 just makes good sense. And we have been doing
5 things like that all along.

6 We have a very, very strong public outreach
7 program. We have an incredibly strong outreach
8 program because you get a phenomenal payback on the
9 investment by educating children. They carry it
10 with them as they grow. They take it to their
11 parents. And we all know, as much as we hear the
12 commercials for "talk to your kids. They'll listen
13 to you," we all know if your kids talk to you, you
14 listen to them.

15 This is our most recent public outreach

16 effort, our September 22 open house. It was an
17 absolutely phenomenal event. We hosted 1,802
18 people. It wasn't just fun and games. I could go
19 through this whole thing if we hadn't been consumed
20 with some other discussion a little earlier and
21 point out for you what the message is in each one of
22 these activities that's taken place.

23 But let me just point to this one
24 (indicating). These children are participants in
25 what's called a "Future Cities Competition." It is

STENO REPORTING
(724)733-1094

66

1 a competition for students who are interested in
2 technical pursuits. We brought them to the open
3 house. These are children from St. Bedes. They won
4 the national competition. We brought them and gave
5 them a tent so they could display their project.

6 I could stand and pontificate about how
7 wonderful engineering is and "isn't this cool"?
8 There's nothing like kids talking to kids. It was
9 like a magnet. They just drew them in. Every
10 opportunity we can, every opportunity we get or we
11 can, we want to educate somebody. And the open
12 house was a phenomenal event in that respect.

13 I'm sorry that the gentleman left because
14 the good news is I'm done. The bad news is this
15 consent decree and everything that is going to
16 result from our implementation of the consent decree
17 really isn't going to resolve all the water quality
18 issues in this region. We know that. He's talking
19 a lot about storm water management and several other
20 issues. There are other things going on out there.

21 What we are going to do is going to
22 dramatically, significantly improve water quality,
23 but it is not the answer to everything. You're
24 going to see and hear more about those issues in the
25 future.

STENO REPORTING
(724)733-1094

67

1 So what do you get for \$3 billion? You get
2 a lot of work that moves the sticks, moves the
3 sticks significantly. Is it going to get you in the
4 end zone? No, but we are going to keep working on
5 that. With that, I appreciate you coming. I'm
6 sorry for the delays. And anybody that has any
7 questions, I'm sure at this point --

8 MR. McCLELLAND: I'd like to discuss

9 the \$3 billion. On Alcosan's web site is a
10 hard-to-find third party review that was done in
11 2002 of the consent agreement and the impact. The
12 outside engineers, I have read the study, were very
13 competent. It's an impressive review, particularly
14 the executive summary in Section 6.

15 Section 6 analyzed the customer cost impact.
16 Just to the monitoring and the paperwork alone
17 associated with the consent agreement were projected
18 to increase the average homeowner's household
19 Alcosan bill from \$294 to \$523 a year. I've gone
20 through that study. I put together an impact study,
21 not an impact study, a cost and issues document that
22 I'll be happy to share with you?

23 MS. SCOTT WILLIAMS: Do I have to pay
24 for it?

25 MR. McCLELLAND: No. What the third

STENO REPORTING
(724)733-1094

68

1 party review study said was that the impact of the
2 \$3 billion of construction will raise the household
3 sewer bill to \$1,300 a year.

4 The third party review concluded back in
5 2002, and this is a quote from that review, "As

6 monies are spent for remediation that is predicted,
7 that this number will increase significantly. And
8 the only conclusion that can be drawn from this
9 simplified approach is that a remedial plan of \$2
10 billion, let alone \$3 billion referenced in the
11 concept plan is clearly unaffordable to a
12 significant number of municipalities."

13 I put this document together. You can have
14 a copy of it. It's also on the web site as of today
15 called www.alcosancost.com.

16 Over 30 percent of the households in your
17 service territory are on Social Security. They have
18 a limited ability to pay this kind of a bill.

19 Furthermore, as indicated in this analysis,
20 the resulting annual bill of \$1,300 represents
21 3.4 percent of the areas medium household income.
22 And that is twice what the EPA's maximum cost
23 guideline is.

24 I think this poses some very serious issues
25 that the media and concerned citizens should ask

STENO REPORTING
(724)733-1094

2 that in your presentation.

3 Included in there are about 25 questions for
4 Alcosan alone. And just some of the examples of
5 things I think need to be discussed are, is there
6 any inflation in the \$3 billion? Some of the media
7 coverage says not.

8 With those kinds of high consumer costs, is
9 the project even financeable? When you're looking
10 at \$1,300 a household, that includes homeowners and
11 renters, that does not suggest that there's going to
12 be a lot of ease in paying those bills.

13 Another question is what's Alcosan's record
14 of bringing projects that they've done recently on
15 schedule and at or below budget? How qualified is
16 Alcosan's board to manage a \$3 billion program? I
17 think that's an issue that needs looked at, also.

18 Put simply, the \$3 billion is equivalent to
19 building 1.3 Hoover Dams funded by 300,000 people.
20 The Hoover Dam cost \$165 million in 1936. It would
21 cost \$2.3 billion today. Alcosan only has about
22 300,000 residential customers. And I'm assuming one
23 bread winner per household. That's a lot of money
24 to be financed by very few people.

25 I hope at some point Alcosan will address

1 the issue of what this is going to cost homeowners
2 and renters? This information I believe has been
3 available for some time. And other than that third
4 party review study on Alcosan's web site, that's the
5 only place that it's ever been discussed.

6 I'd like Alcosan to put a spreadsheet, Excel
7 would be nice, on your web site forecasting what the
8 customer impact is of the \$3 billion. Thanks.

9 MS. SCOTT WILLIAMS: You're welcome.

10 Let me say initially the third party review
11 information that you're referring to is all a result
12 of the long term control plan, that purple document
13 from 1999, which is on the web site and projects
14 costs going out through I think it's 2018.

15 MR. McCLELLAND: Ma'am, why is that
16 information not on Alcosan's web site?

17 MS. SCOTT WILLIAMS: That information
18 is on the web site. That document is on the web
19 site.

20 MR. McCLELLAND: There is nothing on
21 Alcosan's web site that says what homeowner's,
22 households, renter's bills will be when the dust
23 settles the \$3 billion.

24 MS. SCOTT WILLIAMS: What I'm saying is
25 the document that I'm referencing is on the web

1 site. Is it called out somewhere specifically that
2 says, "This section will provide that information?"
3 No, it won't. You would have to go into it like you
4 went into the third party review of the long term
5 control plan. But we took that information out to
6 the public. In 1999 we did this same type of series
7 of meetings where we showed what those costs would
8 be. Again that was in 1999.

9 MR. McCLELLAND: The only thing I'm
10 seeing here today is the \$3 billion. There's been
11 absolutely no discussion on what that's going to
12 mean to homeowner's bills.

13 MS. SCOTT WILLIAMS: Let me say the \$3
14 billion is the number that we estimated for
15 compliance across the service area. \$1 billion of
16 that is the Alcosan responsibility. \$2 billion of
17 that is the municipality responsibility.

18 MR. McCLELLAND: It's all going to come
19 out of the same sewer bill.

20 MR. BORNEMAN: Right. If I could just
21 add to that, keep in perspective the plan that was

22 done in 1999 tried to estimate the cost of the
23 communities and their immediate investments. We did
24 have a better handle at that time to make costs for
25 Alcosan improvements. Keep in mind that plan was

STENO REPORTING
(724)733-1094

72

1 submitted to regulatory agencies and in part was in
2 part of the negotiations going forward. The
3 planning work that we speak of today needs to be a
4 more comprehensive approach to better define the
5 total cost as you are asking.

6 We may have kept abreast of where the costs
7 are going on a national level, but we are being very
8 prudent that we are not creating new numbers until
9 we approach it in the manner by the wet weather
10 plan.

11 So the barometer right now, the numbers we
12 came up with in 1999 which were projected to
13 midpoint of construction, we recognize they need to
14 be updated. And we have not done that yet because
15 at this point, educating everyone of the total
16 problem, how it relates not just to us but to
17 everybody, it will be a work in progress going
18 forward.

19 MR. McCLELLAND: I cannot imagine a
20 corporation signing a \$3 billion consent decree
21 without an understanding of what the impact is on
22 their individual customers. I cannot believe that
23 that's the way things work.

24 MR. BORNEMAN: I just want to say I
25 understand your point. And in the negotiations

STENO REPORTING
(724)733-1094

73

1 there are provisions in there relative to
2 affordability that are a factor going forward.
3 There is also the ability to borrow money that is a
4 factor in it. So your point is taken. It is a
5 concern to all of us, but going forward when we
6 develop these costs and the time line, your concerns
7 are very legitimate.

8 MR. McCLELLAND: Alcosan already has a
9 number. It's \$3 billion. What is so difficult
10 about making an estimate of the cost of spending \$3
11 billion on homeowners and renters?

12 MS. SCOTT WILLIAMS: That number was
13 once again based on planning efforts that occurred
14 between the late '80s and the late '90s. And if

15 that was all that was required, we would not have
16 spent the next several years negotiating this
17 document. That is a starting point --

18 MR. McCLELLAND: Ma'am, with all due
19 respect, the instant you know that you signed a
20 consent document that is going to spend \$3
21 billion --

22 MS. SCOTT WILLIAMS: I don't know that.
23 I know that this document suggested that there would
24 be \$3 billion worth of improvements. Understand
25 that this document does not say, "Put the ground

STENO REPORTING
(724)733-1094

74

1 there this way at this point in time." It says,
2 "Assess those things." Once we find out what those
3 things are going to be, then we will know what those
4 costs are going to be.

5 MR. McCLELLAND: Do you think it's
6 going to be \$500 million?

7 MS. SCOTT WILLIAMS: No, I don't.

8 MR. McCLELLAND: So it's a pretty good
9 guess that it's going to be \$3 billion?

10 MS. SCOTT WILLIAMS: I think it's
11 probably going to be more than \$1 billion for my

12 work.

13 MR. McCLELLAND: Plus the surrounding
14 municipalities?

15 MS. SCOTT WILLIAMS: Correct.

16 MR. McCLELLAND: If the impact and the
17 consent decree is \$3 billion, why is it so difficult
18 for Alcosan to run the numbers to find out what it's
19 going to cost us? Why is that a problem? You have
20 a treasurer. You've got all kinds of people over
21 there. Surely someone knows how to run spreadsheets
22 and do proformas. To even finance this project,
23 when you start putting concrete in the ground, you
24 are going to have to do proformas for the lenders
25 anyway.

STENO REPORTING
(724)733-1094

75

1 MS. SCOTT WILLIAMS: That work which
2 has been identified at this point that is committed
3 to, we have done that, because you're absolutely
4 right, we have to provide that information for those
5 people who are underwriting our bonds.

6 MR. McCLELLAND: You're saying that
7 Alcosan has never run the numbers on what a \$3

8 billion investment is going to cost homeowners and
9 renters?

10 MS. SCOTT WILLIAMS: Obviously we did.
11 That's the basis of the third party review. The
12 numbers that you're referring to, we've done that.
13 Those are not concrete numbers.

14 MR. McCLELLAND: Why is it so hard to
15 find them on our web site then? There's been
16 absolutely no mention whatsoever of the \$1,300 a
17 year for sewer bills when the dust settles on the \$3
18 billion.

19 MR. BORNEMAN: Could I just say, we've
20 been at the table for the last seven years, and your
21 point is taken. In that same time there was much
22 comment made that we made a lot of assumptions nine
23 years ago. The more accurate information we can
24 develop, we are kicking around these kind of
25 numbers, the better it is to our ratepayers in our

STENO REPORTING
(724)733-1094

76

1 communities.

2 Three Rivers has developed a great
3 inventory. They have started to get their arms
4 around what it's going to cost to do a lot of repair

5 cost. This is a work in progress. You are only
6 hearing this today because it took seven years to
7 negotiate to this point.

8 MR. McCLELLAND: All right. Let's
9 assume that the \$3 billion is correct. Why can't
10 you folks run the numbers? It's in the consent
11 decree. It's all over your web site. Why is it so
12 difficult?

13 MS. SCOTT WILLIAMS: I think we are
14 talking past each other. We keep coming back to the
15 same point. I'm telling you that there are numbers
16 available. You are saying that they are not readily
17 available on the web site. Why are they so
18 difficult to get to? Those numbers need to be
19 updated.

20 MR. McCLELLAND: Why did not your
21 presentation today include the impact on consumers?
22 The \$3 billion is all over those slides. And there
23 is not one single slide in two hours what the impact
24 will be when you get done spending the \$3 billion.
25 I am really disappointed.

STENO REPORTING
(724)733-1094

1 MS. SCOTT WILLIAMS: You're absolutely
2 right. I don't know what that impact is going to
3 be. I don't know if it's \$3 billion.

4 MR. McCLELLAND: Well, if it's all over
5 the place on your slides, why not assume it's \$3
6 billion and figure the impact?

7 MS. SCOTT WILLIAMS: The \$3 billion
8 that you saw on the slides were from the newspaper
9 clips that were taken from --

10 MR. McCLELLAND: It's on Alcosan's own
11 web site.

12 MR. BORNEMAN: Let me say to you, again
13 that is dated information with a lot of assumptions.
14 We have shared with you today what other cities are
15 going through in recent years and the type of costs.
16 We have said nothing to dismay or say \$3 billion is
17 not the number. We're not saying it is the number.
18 We are trying to approach this is in a planning
19 process that will identify the true costs, and as
20 part of that analysis will develop the impacts to
21 the ratepayers.

22 This is all without any funding. What if
23 there is funding available? There are all these
24 things going forward. We are taking a very careful
25 approach to work with the people and not misinform

1 them of old numbers that are very assumptive and
2 outdated. So it's better to go forward with the
3 time line where those numbers will be developed with
4 our customers.

5 MR. McCLELLAND: When are you planning
6 on developing a cost impact study of spending \$3
7 billion on homeowners and renters?

8 MR. BORNEMAN: The planning process is
9 a four-year process in developing information and
10 the needs and identifying the costs of potential
11 solutions, identifying a relationship between those
12 costs and the benefits of the receiving waters, and
13 trying to do a curve analysis to establish both in
14 terms of benefits to the water quality, costs in
15 terms of impacts on rates. They are all part of the
16 evaluation.

17 MR. McCLELLAND: I understand that. I
18 did read the third party review. I don't understand
19 why it's so difficult for Alcosan to say how much \$3
20 billion is going to cost homeowners. It's a \$10,000
21 investment for each homeowner in each household.
22 You know automatically if it's \$10,000 or more
23 for --

24 MR. BORNEMAN: I understand your point.

25 But you are taking things out of perspective. The

STENO REPORTING
(724)733-1094

79

1 third party review was commissioned by Alcosan after
2 several reviews by independent committees of
3 academia and technical people. We worked with the
4 developer of that third party review. And we
5 recognized what it said. That is also going
6 forward, that we are at a point where we are getting
7 restarted in the planning process, and why spend
8 money developing those when those numbers are
9 absolute at this point?

10 MR. McCLELLAND: I'll come down there
11 and I'll do the analysis and it won't take me more
12 than three days to do it. There's absolutely no
13 reason I can see why Alcosan has not discussed the
14 impact on households, homeowners and renters of
15 spending the \$3 billion.

16 MS. SCOTT WILLIAMS: Sir, we understand
17 your point. I think we have it captured
18 appropriately or enough of it that we will be able
19 to respond particularly with what you are going to
20 submit. Did you say it was 25 questions?

21 MR. McCLELLAND: More or less. There
22 are some questions for Three Rivers if they're
23 around.
24 MS. SCOTT WILLIAMS: We will respond to
25 that once we get the opportunity to digest it. Yes,

STENO REPORTING
(724)733-1094

80

1 sir.

2 MR. GRADY: My name is Bill Grady. I'm
3 a resident here at Ross Township. From the
4 presentation, it appears as if most of the problems
5 are from the CSOs rather than the SSOs. And I was
6 just wondering what you are going to do to correct
7 the CSOs and if the SSO people are going to have to
8 pay for that? The city of the Pittsburgh is almost
9 all CSO; is that correct?

10 MS. SCOTT WILLIAMS: That's correct.

11 MR. GRADY: I'm assuming that most of
12 the problem is in the city of Pittsburgh; is that
13 correct?

14 MS. SCOTT WILLIAMS: That would not be
15 correct.

16 MR. GRADY: Most of the problem is in
17 the outlying areas?

18 MS. SCOTT WILLIAMS: The problem is
19 fairly equally distributed. And the thought that
20 the SSOs are not as much of an issue as the CSOs I
21 think is a misnomer of sorts. Once again I will
22 repeat, the SSOs are illegal. They are patently
23 illegal. So from the perspective of enforcement,
24 that would be a much larger issue.

25 MR. GRADY: Maybe I misspoke. I'm

STENO REPORTING
(724)733-1094

81

1 saying I imagined that the combined sewer systems
2 are the bigger problem than the separate sanitary
3 systems.

4 MS. SCOTT WILLIAMS: You mean dealing
5 with flows from the combined sewer systems?

6 MR. GRADY: Yes.

7 MS. SCOTT WILLIAMS: Again, I wouldn't
8 make that distinction necessarily. With the
9 combined sewer systems, you have more of an ability
10 to treat and discharge.

11 MR. GRADY: But you're discharging the
12 waste water as well as the storm water.

13 MS. SCOTT WILLIAMS: But you're

14 treating it first. With separate sewer flows, they
15 have to receive secondary treatment. That's a much
16 more --

17 MR. GRADY: What happens if a separate
18 system flows into a combined system?

19 MS. SCOTT WILLIAMS: That becomes
20 tricky.

21 MR. GRADY: Because we have that here
22 in Ross. We have a separate system that flows into
23 a combined system. In fact, we have a combined
24 system that flows into a separate system that flows
25 into a combined system. I don't know how we could

STENO REPORTING
(724)733-1094

82

1 possibly address that without doing away with the
2 combined systems. There's always going to be
3 overflows.

4 MS. SCOTT WILLIAMS: We agree.

5 MR. GRADY: If there's always going to
6 be overflows, it appears the best way you could
7 correct that is by doing away with the combined
8 systems. Make them separate.

9 MR. BORNEMAN: It varies by locality.

10 MR. GRADY: I'm talking about here in

11 Ross.

12 MR. BORNEMAN: I understand. Again,
13 when you look at that yellow shaded area of the map
14 that's separate and they are those 50 structures
15 that have been labeled illegal SSOs and not CSOs as
16 they were designed, to eliminate them and convey
17 that flow somewhere to treat, a lot of it is in the
18 perimeter. It's an expensive conveyance cost if it
19 has to go to our plant much more than the combined
20 area which is closer.

21 But there is a total cost. If there is a
22 need for more sewers, then maybe a storm sewer
23 system may be part of the problem. It's a complex
24 issue. You have to address how all those flows get
25 handled with all of the various regulations. At

STENO REPORTING
(724)733-1094

83

1 this point it's premature to think one is cheaper
2 than the other. Because of the way our system is
3 laid out -- the regulators have said if it's
4 separate and flows into a combined system where the
5 overflow point is at the river, that's a CSO. So
6 that gives us some flexibility, but we also have to

7 make sure that separate flowed area gets enough
8 treatment. So it's a very complex issue the way the
9 government has laid out what we can and can't do
10 going forward.

11 There's a total cost, not just the cost of
12 eliminating that overflow point. It's also how it
13 impacts the local communities as well.

14 MR. GRADY: In regard to the cost per
15 customer basis, as you stated, you do not know what
16 the cost is going to be. I don't think any of us
17 do. But if you could just put up what the cost of
18 \$1 billion would do to a customer, I think you could
19 multiply that times 3 to get to 3 billion and
20 multiply it by 10 to get to 10 billion or divide it
21 in half to get to 500 million. That would be of
22 benefit to all of the customers if we had an idea of
23 what the cost is going to be. If you do a \$1
24 billion cost, I think all of us can multiply it out.
25 Thank you.

STENO REPORTING
(724)733-1094

1 MS. SCOTT WILLIAMS: Thank you.

2 MR. GETTING: I'm Tom Getting. I'm a
3 Ross Township resident. To follow up with the

4 question that I think this gentleman should have
5 asked, has anybody within your group done anything,
6 looked at the hydrologic impact of taking downspouts
7 out and putting them into the water shed and the
8 impact on that water shed and the impact on flash
9 flooding?

10 MS. SCOTT WILLIAMS: We have not looked
11 at that particular issue. Again, I don't want to
12 make it sound like us and them. But downspouts
13 would be an issue within the municipal systems. Is
14 it something that we could or would account for?
15 I'm sure that could be done. But as a matter of
16 business, no, we haven't done that.

17 MR. GETTING: So your hydrologic study
18 that you have over there is just your conveyance
19 system?

20 MS. SCOTT WILLIAMS: That's out system.

21 MR. GETTING: Is there a place where we
22 could put a request into the corps of engineers, to
23 Three Rivers? Can anybody look at that because I
24 think the downspouts do have a big impact on flash
25 flooding.

STENO REPORTING
(724)733-1094

1 MR. BORNEMAN: Again I can just share
2 that we go to conferences and we see how the various
3 programs have, like they call them silos of
4 regulations; storm water is here, waste water is
5 here, acid mine drainage is over here. There is a
6 growing concern that you cannot look at them
7 individually. They have to work together. It has
8 been promoted that when we do go forward that we
9 keep all those factors in mind.

10 Certainly as Arletta said, our charge isn't
11 all of those silos, but we are trying to network so
12 that there is a more overall water shed approach and
13 the impacts on how they may be from each of the
14 various sources. So that is in the back of our
15 minds going forward.

16 MR. GETTING: Do you know who then
17 might have that responsibility, the water shed
18 responsibility? Is it the individual or the
19 municipalities, the corps of engineers?

20 MR. BORNEMAN: Again, I would be
21 guessing at this point, but we could get back to
22 you. The corps has certain domain over the rivers.
23 The counties with their storm water management plans
24 have certain roles. And the municipalities have to
25 adopt different things. I'm not the best one to

1 answer.

2 MR. RAID: I'm Bob Raida. I think in
3 Ross Township here they're spending an awful lot of
4 money. It's true, they are trying to correct a
5 problem. But I can't see how we can correct a
6 problem when we have combined sewer systems, that
7 they are putting so much of the water into the
8 sewers. We make storage tanks and that combined
9 system would fill those storage tanks up so quick,
10 that in my opinion, it's a waste of money. I can't
11 see why they can't try to correct the combined
12 sewerage system. If one is all full and one isn't,
13 to me that's ridiculous.

14 If that's the case, then you have to change
15 the law. You have to get the storm water out of
16 those street drains that go right into the sanitary
17 sewers because the sanitary sewers can't help it.
18 They can't take that. If you're going to put it
19 into the creeks, it has to go somewhere. But you
20 have to get that storm water off of the streets out
21 of those sanitary sewers. I don't care what the law
22 is.

23 One other question is I wonder how much

24 money is spent on one community suing another
25 community, whether it's the Federal Government suing

STENO REPORTING
(724)733-1094

87

1 the state or the state suing the townships. To me
2 this is all ridiculous, too. All I am is a retired
3 taxpayer, but I'm paying the bill for the state.
4 I'm paying the bill for the federal and the county.
5 And one suing another, all I can see is the
6 doggone attorneys making out. I wonder how much all
7 of these studies have cost when all of this money
8 could have gone into the sewer systems.

9 MS. SCOTT WILLIAMS: How do we address
10 combined sewer systems? The combined sewer issue,
11 it will not be in my lifetime and I don't think it
12 will be in my son's lifetime -- and he's seven years
13 old -- that we see anybody attempt to address the
14 combined sewer issue to the extent you are talking
15 about, separating and dealing with storm water
16 management issues. It's completely separate from
17 sewage. So that there are only separate systems.
18 That is a massive undertaking. Storm water
19 management regulations are out there now. And I

20 can't disagree with you. It is a very important
21 issue. It has to be part of the dialogue. As Dave
22 said, what we see is this concept where there are
23 silos. The storm water is over here. Acid mine
24 drainage is here. Sewage issues have to be
25 combined.

STENO REPORTING
(724)733-1094

88

1 When will that come? How will that come?
2 Probably over an extended time period. The value of
3 the studies, these studies can range into the
4 millions of dollars collecting a lot of information
5 that has not been looked at for quite some time.

6 In terms of implementing a solution, it
7 would be very much like going to the doctor and just
8 expecting a prescription or an operation without
9 having any diagnostic evaluation. We have to go
10 through this phase to get to the phase you're
11 talking about.

12 And believe me, as passionate as you hear
13 Dave here today, he is just that passionate when it
14 comes to making sure that we are getting the best
15 return on our investment, that we do not have
16 overruns on the projects. He's a watchdog. He has

17 been that way since he's come to the authority and
18 in his previous lives. And he is indicative of the
19 type of staff that I have to work with every day.

20 So when I tell you we are not taking this
21 casually, we are not taking it lightly, it's not
22 just an out-of-office or out-of-job issue for us.
23 This is what we live and breathe. This is our
24 lives. Again when you hear the passion in this man,
25 he brings that to the table every day. He is doing

STENO REPORTING
(724)733-1094

89

1 the best he possibly can for the ratepayer, for his
2 integrity, for his name as an engineer. Trust and
3 believe that.

4 I appreciate you coming out tonight and
5 staying with us as long as you have. If you want to
6 follow up with something that you don't have time to
7 discuss tonight, you could go to the web site. It
8 will show you how to get in touch with me, with
9 Nancy. And we will be happy to respond to you, or
10 you can call me directly. Again, I appreciate you
11 coming out tonight. Thank you.

12

13
14
15
16
17
18
19
20
21
22
23
24
25

STENO REPORTING
(724)733-1094

90

1 C E R T I F I C A T E

2

3 I hereby certify that the proceedings and
4 evidence are contained fully and accurately in the
5 stenographic notes taken by me on the informational
6 meeting of the within cause and that this is a
7 correct transcript of the same.

8

9

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Nancy E. Frost

Professional Reporter

STENO REPORTING
(724)733-1094